DPAP Update on Competition

April 27, 2016

Block 1/Session #5 and Block 2/Session #1

Agenda

- **Introduction & Overview**
  - **Mr John Tenaglia,** *Dep. Director, Contract Policy and International Contracting, DPAP*
- **Presentations**
  - **USAF – Rob Clarke,** *Acting SSM/Acting PEO/CM*
  - **Army – Rachel Capaldi,** *Competition Mgmt. Procurement Specialist*
  - **Marine Corps – John Garner**, *PM, Advanced Amphibious Assault*
  - **Defense Logistics Agency – Juanita McKee,** *Competition Procurement Analyst*
- **Summary & Questions**

DoD Competition Policy

- **Better Buying Power (BBP) Focus Area – Promote Competition**

  http://bbp.dau.mil/bbp5focus.html

  - Guidelines For Creating and Maintaining a Competitive Environment for Supplies and Services in the Department of Defense (Published, 12/3/2014)
  - Actions to Improve Competition (Memo, 8/21/2014)
  - Guidance for Obtaining Greater Efficiency and Productivity in Defense Spending--Removing Obstacles to Competition (Presentation, 8/25/2011)
  - Myth-Busting 2--Addressing Misconceptions and Further Improving Communication During the Acquisition Process (Memo, 5/7/2012)
  - "Myth-Busting": Addressing Misconceptions to Improve Communication with Industry during the Acquisition Process (Memo, 2/2/2011)
- **Quarterly Business-Senior Integration Group (B-SIG) Meetings**
  - Focus senior leader attention on competition measures to increase visibility and accountability
  - Highlight competition measures and share best practices, tools and trends
  - SAFIRE Tool - System for Acquisition Forecast Input Retrieval & Engagement (in development)
- **Quarterly Competition Reporting – DoD and Component level**

  http://www.acq.osd.mil/dpap/cpic/cp/docs/Publication_of_DoD_Competition_Reporting_-

DoD Competition

Competition Report for Department of Defense

(in millions)

	Year End Results			2nd Quarter Results (10/01 to 03/31)	
FISCAL YEAR	Competed Dollars	Competition %	Goal%	Competed Dollars	Competition %
FY16	N/A	N/A	57.0%	$66,553	46.5%
FY15	$151,270	55.4%	59.0%	$70,301	51.2%
FY14	$166,572	58.6%	58.0%	$71,245	57.5%

FPDS data as of April 21, 2016

MILDEP/DLA Competition

Competition Report (in millions)

	Year End Results			2nd Quarter Results (10/01 to 03/31)	
Army	**Competed Dollars**	**Competition %**	**Goal %**	**Competed Dollars**	**Competition %**
FY16	N/A	N/A	61.0%	$14,748	50.5%
FY15	$43,020	59.2%	66.6%	$15,003	51.6%
FY14	$48,992	65.3%	67.0%	$15,802	58.4%
Navy					
FY16	N/A	N/A	45.0%	$17,002	36.1%
FY15	$37,057	43.7%	45.2%	$18,104	38.8%
FY14	$37,460	44.5%	41.7%	$16,249	44.8%
Air Force					
FY16	N/A	N/A	40.3%	$9,212	27.5%
FY15	$20,703	39.2%	44.4%	$9,752	35.5%
FY14	$24,281	*43.5%*	41.5%	$10,743	42.5%
DLA					
FY16	N/A	N/A	86.1%	$10,339	81.0%
FY15	$25,574	83.4%	85.7%	$12,456	84.1%
FY14	$27,134	*88.9%*	83.7%	$11,573	85.3%

FPDS data as of April 21, 2016

MILDEP/DLA/DOD Competition

FY 2016 Competition Report (in millions)

		2nd Quarter Results (10/01 to 12/31)		Year To Date Results (10/01 to 04/21)	
Component		Competed Dollars	Competition %	Competed Dollars	Competition %
Army		$14,748	50.5%	$16,150	49.5%
Navy		$17,002	36.1%	$18,189	35.5%
Air Force		$9,212	27.5%	$9,914	27.7%
DLA		$10,339	81.0%	$11,394	81.6%
DoD		**$66,553**	**46.5%**	**$71,938**	**46.3%**

FPDS data as of April 21, 2016

Competition Briefings

- U.S. Air Force PEO/CM – Competition on Thule Base Maintenance Contract
- U.S. Army, TACOM LCMC – Competition at TACOM Warren
- Marine Corps PEO Land Systems – Competition on the Amphibious Combat Vehicle Program
- Defense Logistics Agency – Increasing Competition at DLA

Headquarters U.S. Air Force

Integrity - Service - Excellence

AF Services Acquisitions

DAU Acquisition Training Symposium - Competition

Senior Services Manager (SSM)

Program Executive Officer for Combat & Mission Support (PEO/CM)

U.S. AIR FORCE

Apr 2016

Improved Tradecraft in Services (Virtual Closed Loop)

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Right Requirements

Early Strategy & Issues Session *(Vector Check)*

Market Research/Intel

Requirements Validation/Approval *(SSRR, RAD)*

People Involvement

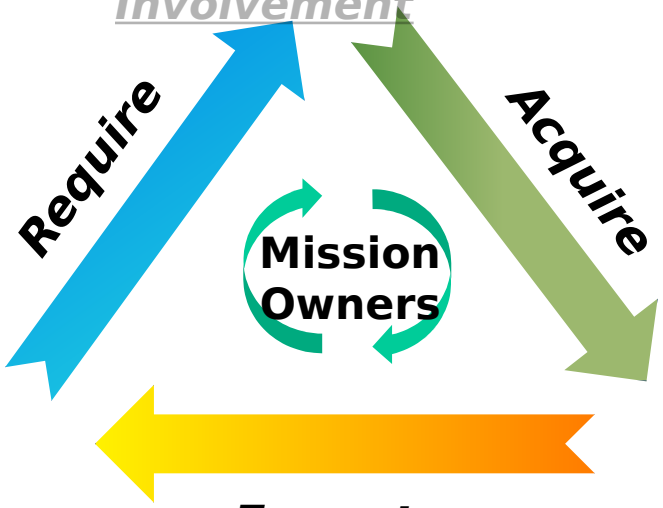
Accountability

Acquisition Training *(SAW, JIT, ARRT, COR, Individual)*

Critical Thinking *(PWS, Competition, NAICS, Small Business, PSC, Contract Type, etc.)*

RFP & Source Selection *Templates & Best Practices*

Processes



Annual Execution Reviews

Internal Health Assessments

Enterprise Services Governance Health Assessment

Opportunities to Consider Competition

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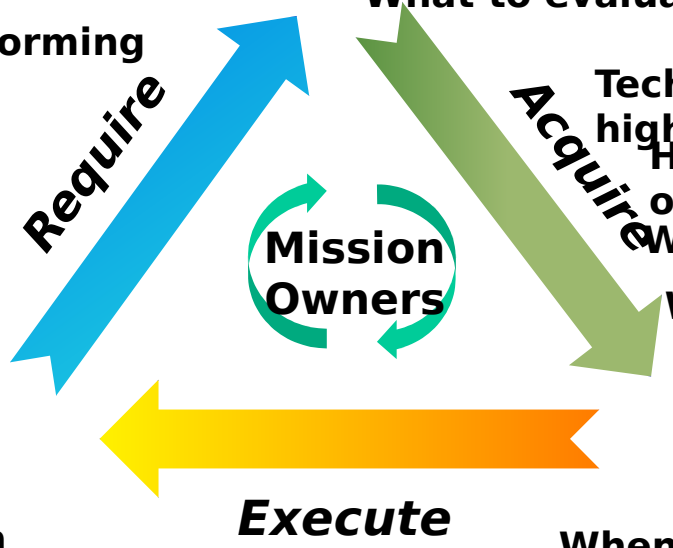
Questions for Competition



Performance-based? (or do we just need bodies?)

How is industry performing this?

Similar requirements with more competition?

Requirements too narrow? (or too broad?)

What we need vs what we want?

Can we write our own requirements?

Hold industry accountable for their proposals?

SAW and ARRT used tools to examine/build the acquisition?

What to evaluate - whole PWS or discriminators?

Technical Acceptability: too low, too high?

How to prevent "low ball" offers?

What are contract types available?

What is the best NAISC/PSC?

Decision methodology consistent with need? (i.e., LPTA not appropriate for complex technical services)

When was last time we had adequate cost data? (consider cost-plus to re-baseline if FFP has been in use for multiple years)

Multiple award IDIQs: Adequate competition? What is the distribution of work?

Transparency & Ability to ask "Why?"

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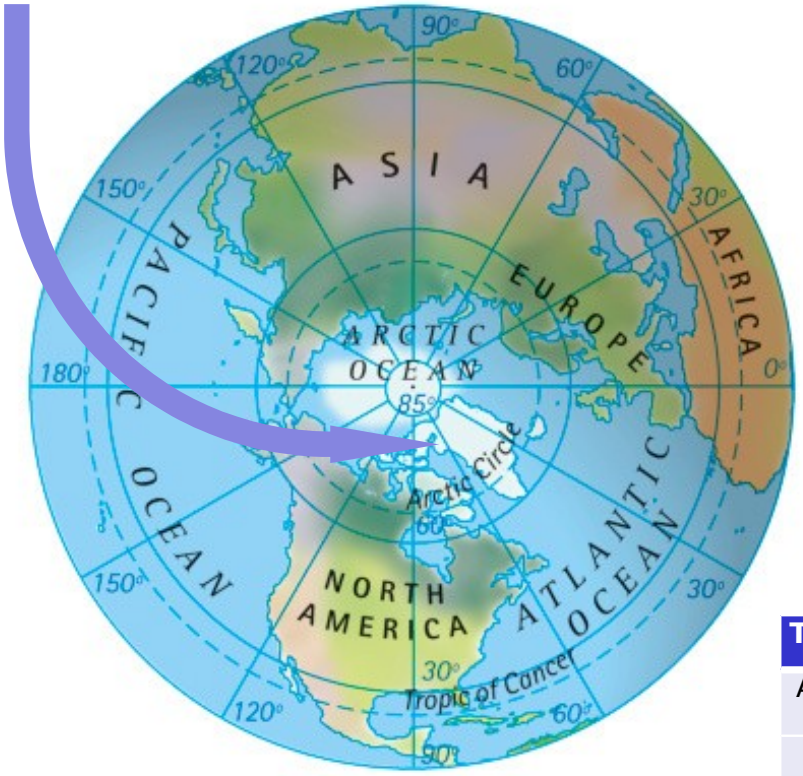
Thule Base Maintenance Contract

Operate and maintain Thule Air Base to include: Civil Engineering, Airfield/Water Port Operations, Fuels Management, Transportation, Non-Sensitive Communications, Weather, Environmental Management, Food Services, Medical/Public Health, Supply, Recreation and Community Services



Temperature	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Avg Max (°F)	-2	-5	-4	9	27	39	45	43	33	19	8	0
Avg (°F)	-9	-12	-11	1	21	34	40	38	28	14	2	-6
Avg Min (°F)	-16	-19	-18	-5	16	30	35	34	24	9	-4	-13

Competition on Thule BMC

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- History/Conditions
  - Extreme weather, remote location, use local labor pool
    - Annual resupply for fuel/equipment drives contract schedule
  - Under NATO international agreement (IA) with certain restrictions
  - Same incumbent (Greenland Contractors) for 25+ years with no effective competition
    - FFP with limited cost data: performance was excellent
- Start re-acquisition in Feb 2012: get to competition
  - Dedicate an acquisition team for the duration
    - Scrub the requirements (2 year effort using the ARRT tool)
    - Redefine IA to allow any Danish/Greenlandic company
    - Clarified evaluation criteria (expanded experience from cold-weather in each function to cold-weather and each

U.S. AIR FORCE

Results of Competition on Thule BMC

- Four offerors proposed with competitive prices and efficiencies
- Fair and thorough evaluation – quality impressed MIRT and SS experts
  - ~350 ENs in Technical and Price areas
  - Only seven (7) months from RFP to Contract Award
  - Each offer's evaluated price at least 40% below ICGE
- Status:
  - Awarded to Vectrus in Oct 2014
  - Political issue for Danish and Greenlandic elections
  - Multiple Protests
    - At GAO (Denied), At COFC (Sustained), At CAFC – Awaiting
  - Bridge necessary; negotiated value significantly less than previous

Competition reset the baseline for operations at Thule

AF Competition
A Contrarian's Perspective

AF HISTORICAL DATA: COMPETED DOLLARS ACTIONS AND RATES

	FY12	FY13	FY14	FY15
Total Obligated Dollars	$69,769,189,399	$55,158,362,464	$55,767,855	357,
Total Competed Dollars	$25,762,115		685	$20,379,107,543
C… R…		40.7%	43.5%	39.1%
Total Actions	179,474	159,544	146,854	142,702
Total Competed Actions	135,023	118,632	107,647	102,422
Competed Actions Rate	75%	74.4%	73.3%	71.8%

Great – if you are driving backwards!

- **Tell us about decisions we've already made**
- **Competition decided much earlier (Mkt Research, J&A, ASP)**
  - **Restricted by data rights, available sources, national security, etc**
- **Can we change this perspective? Yes, for services**
  - **Drive the decision level down**
  - **Provide the right tools and techniques**
  - **Incentivize good behavior**

Competition TACOM Warren

Rachel Capaldi
Competition Management
Procurement Specialist
U.S. Army TACOM LCMC

Version 7
As of 1000 on 3 Jan 13

Joint Light Tactical Vehicle (JLTV) Source Selection

- **Communication to Industry**
  - Established JLTV website
    - Market Survey
    - Interested Subcontractor List
    - Three Draft Request for Proposals
    - Question and Answer Sessions
- **Program History**
  - Technology Development Phase
    - Three competing contractors
  - Engineering and Manufacturing Development (EMD) Phase
    - Three competing contractors
    - During this phase the JLTV program was one of the first to implement the Office of the Secretary of Defense's September 2007 Competitive Prototyping Policy
    - Two more competing teams producing prototypes, therefore reducing risk and synchronizing requirements

Joint Light Tactical Vehicle (JLTV) Source Selection

- **Current Acquisition**
  - Award to Oshkosh Defense LLC on 25 Aug 2015 for $6.7B
    - 8 year contract, 3 years of Low Rate Production, 5 years of Full Production
    - Option to Purchase Full Data Rights

- **Savings and Future Acquisitions**
  - Current Acquisition that was awarded saved approximately $1.5B
  - Future Acquisitions expected to save $500M with the Government owning the TDP

Events and Workshops

- Michigan Defense Exposition
- Ground Vehicle Systems Engineering and Technology Symposium
- Advance Planning Briefing for Industry
- International Auto Show
- Quarterly Industry Days at Selfridge Air Force Base
  - Upcoming Stryker Session in May
  - Source Approval Program

Justification & Approval and Market Research Training

Justification and Approvals and Market Research Training		
Organization	Class Size	Date
Integrated Logistics Support Center	40	Jan 9 2015
Integrated Logistics Support Center	40	Mar 12 2015
Integrated Logistics Support Center	41	Apr 16 2015
ACC PCO's Group & Division Chief's	35	Apr 30 2015
ACC Boot Camp	30	Nov 6 2015

*FY16 Training schedule is in process

Amphibious Combat Vehicle (ACV) Program

Competitive Acquisition Strategy and Source Selection Process

Mr. John Garner
Program Manager, Advanced Amphibious Assault

CLASSIFICATION (U)

Source Selection Process & Criteria

Step 1

Go/No Go

1) All Tier 1 & 2 Requirements Met (Matrix – Vendor Certification)
2) AUMC < $5M

Step 2

All non-price factors combined, are more important than the cost/price factor

Descending Importance

Factor 1: Technical (Separate Technical & Risk Ratings at the sub-factor level)

- Sub-factor 1: Water Operations
- Sub-factor 2: Land Operations
- Sub-factor 3: Carry & Payload
- Sub-factor 4: Protect

Factor 2: Cost/Price (Reasonableness / Realism)

- TEP = FPIF CLINs (ceiling) + FFP CLINS (proposed price) + CPFF CLINs (most probable cost)

Factor 3: Energy (acceptable / unacceptable)

Factor 4: Small Business (acceptable / unacceptable)

Step 3

SSA Best Value Decision and Award Two EMD Contracts

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BEST VALUE

n of the final evaluation, when comparing proposals for the best value determination the following process will be used:

1) The four (4) technical sub-factors will be ordered based upon the following adjectival/risk relationship.

Descending

Adjectival	Risk
Outstanding	Low
Outstanding	Moderate
Good	Low
Good	Moderate
Outstanding	High
Acceptable	Low
Acceptable	Moderate
Good	High
Acceptable	High

2) A premium limit AUMC price will be determined using the Lowest Price Technically Acceptable (LPTA) proposal's AUMC.

3) The premium limit will be set at 45% of the LPTA's AUMC but cannot exceed the $5M AUMC cap.

4) Proposals that fall above the defined premium limit will not be considered for award.

5) For higher priced proposals that fall within the aforementioned premium limit, all technical sub-factors will be assessed to determine if the additional cost is warranted.

6) The Government places **importance on the following emphasis areas** and will use them to further assess if the additional cost is warranted. The four emphasis areas are as follows:

- **Launch** from amphibious ships as it relates to ACV SPS DOORS ID No. **4379**;
- **Water Speed** as it relates to ACV SPS DOORS ID No. **370**;
- **Reserve Buoyancy** as it relates to ACV SPS DOORS ID No. **413** and;
- **Payload,** Embarked Marines as it relates to ACV SPS DOORS ID No. **908**.

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ACV 1.1 Solicitation Supports Growth to ACV 1.2

- **Emphasis Areas** were used to communicate to industry where to invest additional capital to ensure they have the <u>inherent ability to grow to ACV 1.2</u>. The ACV 1.1 Solicitation calls out four emphasis areas:
  - **Reserve Buoyancy** allows for weight growth while maintaining seakeeping (23-25%)
  - **Launch From Amphibious Ships** reduces the reliance on connectors
  - **Water Speed** enables allows for weight growth while maintaining effective maneuver in the littorals (5-6 knots)
  - Payload, **Embarked Marines** supports placing combat power ashore rapidly (10-13 Marines)

- Additionally, certain Objective requirements were elevated in the System Performance Specification
  - Launch and Recover to amphibious shipping, watertight integrity, bilge rate etc.

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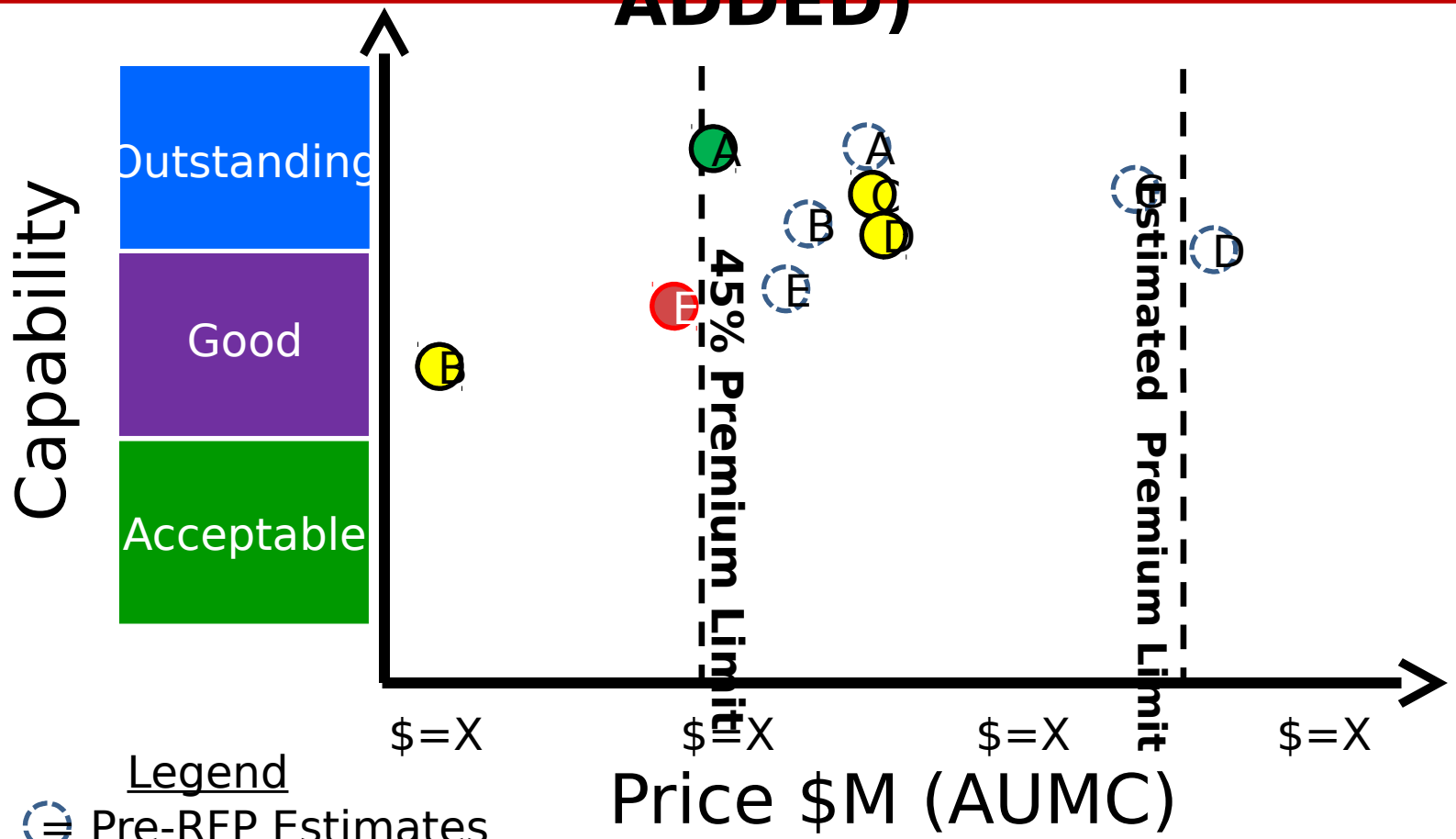
PRICE/CAPABILITY SUMMARY ESTIMATES BEFORE AND AFTER RFP (W/ RISK ADDED)



Legend

= Pre-RFP Estimates

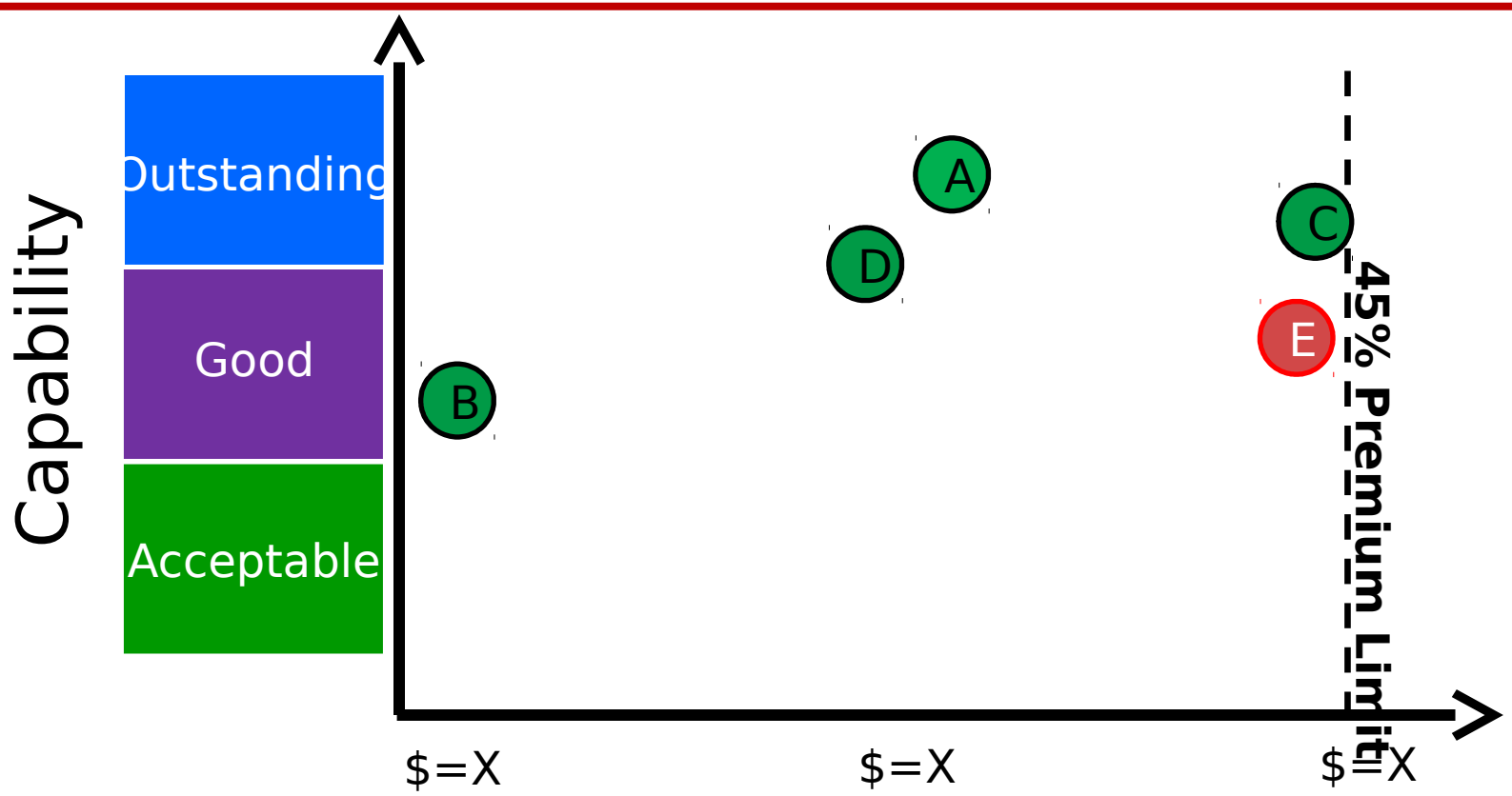
= Pre-Discussion

Color in circle denotes general technical risk

Note: Technical ratings and risks were scored at the Sub-Factor Level per RFP.

Above information displays general Technical and Risk ratings for

PRICE/CAPABILITY SUMMARY ESTIMATES AFTER RFP PRICING



Color in circle denotes general technical risk rating

Note: Technical ratings and risks were scored at the Sub-Factor Level per RFP.
Above information displays general Technical and Risk ratings for discussion only

Increasing Competition at DLA

Juanita McKee

April 27, 2016

What We Do

- DLA sources and provides nearly all of the consumable items America's military forces need to operate – from food, fuel and energy to uniforms, medical supplies and construction material

- DLA manages nine unique supply chains to make this happen

Competition – At a Glance

- Over the last 5 years, DLA has achieved between 82% and 84% competition
- We are seeking to put more PBLs in place to achieve efficiencies but most are sole source with the OEMs
- We need to look for ways to offset the impact of the PBLs, decreasing demand, and reduced fuel prices (typically competitive) to achieve the cost benefits of competition

DLA Plan to Increase Competition

- Enterprise wide plan supporting the DLA Strategic Plan
- Joint effort between contracting and requirements SMEs
  - Includes executable actions
  - Focus on:
    - Increased training
    - Sole source spare parts with no tech data
    - Need to obtain Engineering Support Activity (ESA) approval of secondary sources
    - Competition at sub-tier level

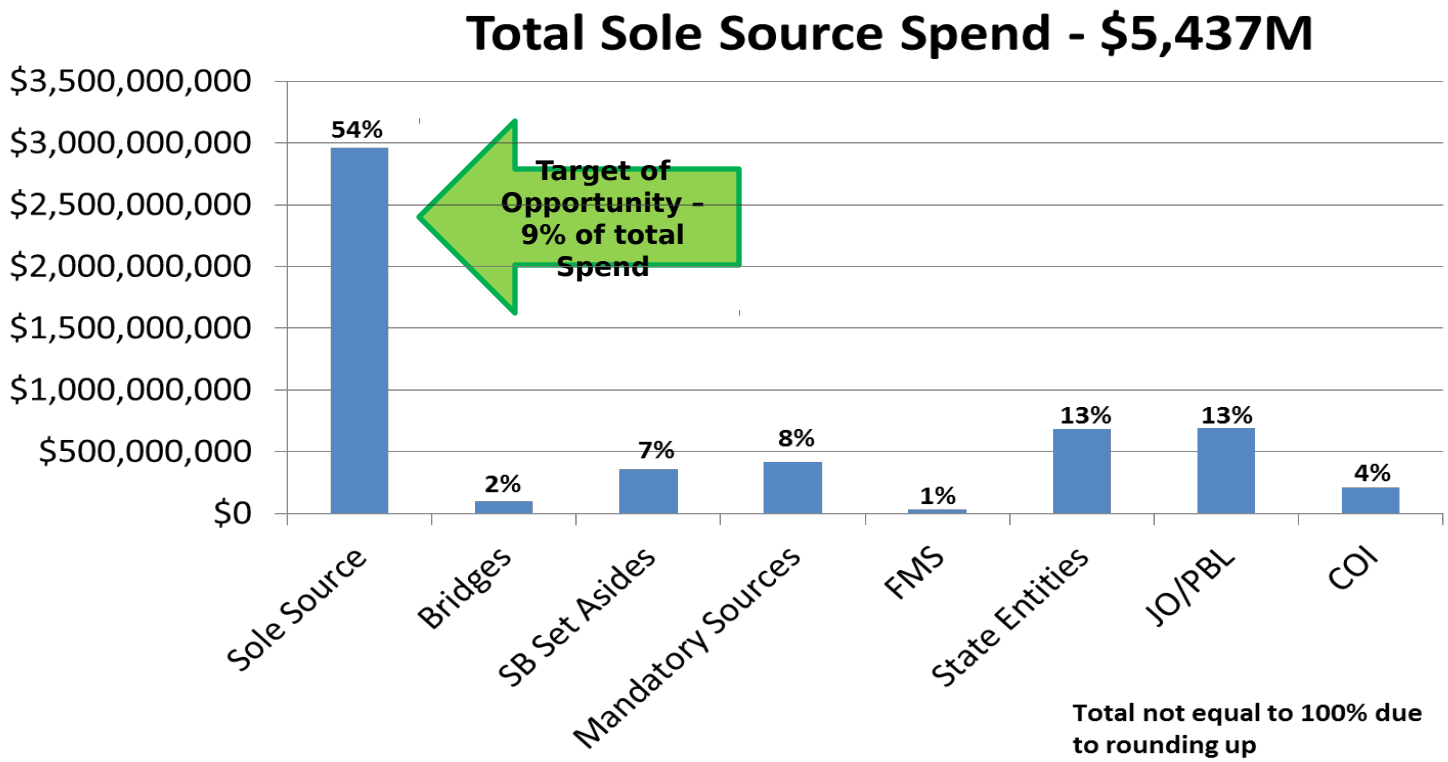
DLA Plan to Increase Competition

- Targeted DAU training for contracting and requirements community in market research (CLC004 and CLE028) and competition (CLC055) – refresher training every 3 years
- Enhanced Reverse Engineering efforts
  - Identification of sole source parts that are good candidates for RE
    - Criteria includes complexity, demand, dollars, probability of success
    - Post candidates on web to solicit interest
- Streamlined Source Approval process – focusing on encouraging submission to ESA and a quick response

Understanding our Sole Source Spend

- DLA activities break out sole source spend into buckets to provide insight into where we spend our sole source dollars
  - Buckets include mandatory sources (AbilityOne, FPI), State Owned Entities, Sole source bridges, small business set-asides, FMS, PBL efforts, and OEM/Only one source
  - Buckets are captured at the activity and agency level

Understanding our Spend



Benefits of Bucket Approach

- Using the bucket approach provides clarity into how we spend our sole source dollars
- Provides visibility into areas not readily available through FPDS
- Helps us focus on the areas where we can influence the outcome
- Useful in identification of trends over time
- May be used to predict spend in certain categories
- Data used by COMPAD to assign

Real Life Application

- DLA was able to use the sole source bridge data to help articulate a problem – **We had too many sole source bridges**
  - Identified the problem by activity
  - Developed a policy for sole source bridges
  - Created a bridge reduction plan
  - Implemented an oversight program to track use of sole source bridges
  - Resulted in dramatic reduction in the numbers and dollars associated with sole source bridge contracts